

# New Enterprise Allowance Statistics

Data up to 31 December 2017

Quarterly

Published: 9<sup>th</sup> May 2018  
Great Britain

Official Statistics

New Enterprise Allowance (NEA) is a scheme for unemployed people who wish to start-up their own business. It was introduced in April 2011, and is open to people aged 18 and over, who are: claiming Jobseeker's Allowance (JSA) or Employment and Support Allowance (ESA); the dependent partners of JSA/ESA claimants; Income Support (IS) claimants who are lone parents or who are sick/disabled; and some Universal Credit (UC) claimants. Since April 2017, eligible claimants wishing to start their own business are taking part in NEA phase 2. This statistical release includes starts on both phase 1 & 2 of the scheme.

The table Individuals on NEA by Parliamentary Constituency has not been included this publication due to data matching issues.

212,000 starts on the NEA scheme by 207,350 individuals.

to 31<sup>st</sup> December 2017

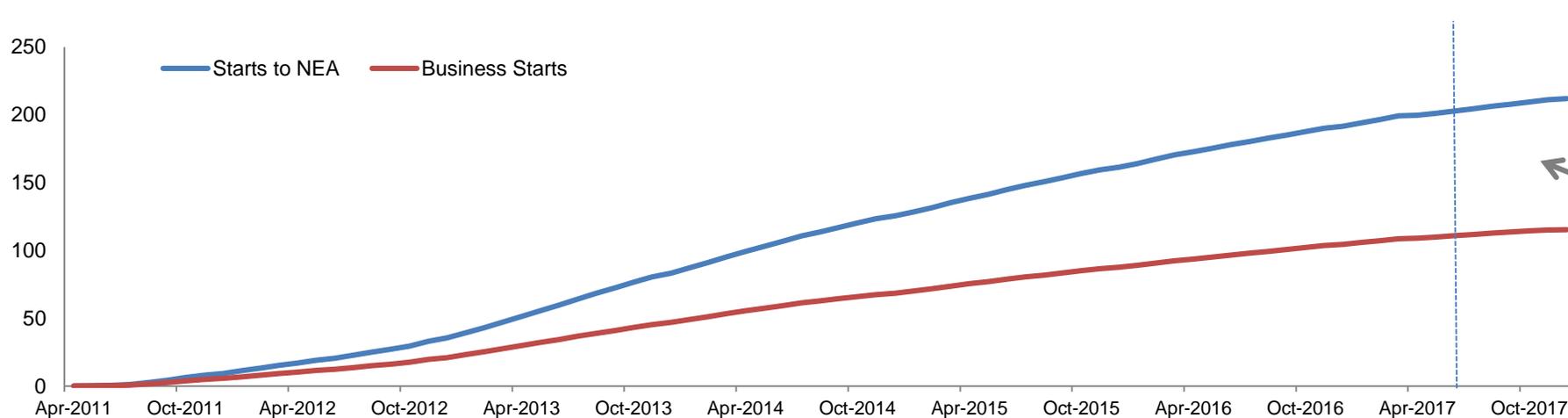
115,240 businesses set up through the NEA scheme by 113,460 individuals.

to 31<sup>st</sup> December 2017

Almost 7 in 10 people who started a business are in the 25-49 year old age group.

## Cumulative starts to NEA and business starts, by month of start to NEA, April 2011 to December 2017

Thousands



The end of the series under-represents the number of business starts due to the lag between starting on the scheme and launching a business.

## At a glance

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### All starts to New Enterprise Allowance

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There have been 212,000 starts to NEA and 115,240 businesses set up through the scheme since April 2011.

### Main benefit of individuals starting NEA

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Almost half of those starting NEA, in December 2017, were on a non-JSA benefit.

### Characteristics of those on NEA

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Around 4 in 10 of those participating in NEA are women. 69% are aged 25-49.

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Thoughts? We welcome [feedback](#)

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## New Enterprise Allowance: Introduction

Participants receive access to a business mentor who provides them with guidance and support as they develop their business plan. **This is referred to as a start to NEA.**

Once a claimant has shown they have a viable Business Plan that demonstrates the business' sustainability potential, they are able to access financial aid alongside the business mentor continuing to provide support through the first six months of trading. **This is referred to as a business start.**

This financial aid consists of an allowance worth £1,274 over 26 weeks, paid at £65 a week for the first 13 weeks and £33 a week for a further 13 weeks. Participants may also be able to access a start-up loan, if required.

New Enterprise Allowance is available across Great Britain. It was initially rolled out in stages across 17 target districts between April and July 2011. Roll out across the remaining 20 districts was completed at the end of August 2011.

It was introduced for people 18 and over, claiming Jobseeker's Allowance (JSA) for 26 weeks or more. Since October 2012, however, JSA claimants could apply from day one of their claim.

From January 2015, starts to NEA have been supported by contracted providers and eligibility extended to include claimants of Employment and Support Allowance (ESA), Incapacity Benefit (IB), Income Support (IS) and some Universal Credit (UC) claimants.

Since April 2017, eligible claimants wishing to start their own business are taking part in NEA phase 2. This new phase of the scheme involves a slightly different customer journey according to which claimants should first attend a Link Up: Start Up Workshop before moving on to start to NEA. NEA Phase 2 has been made available to a wider range of claimants including UC recipients with existing businesses whose earnings fall under their Minimum Income Floor.

This will be the last publication in the series. We are proposing to combine this publication with other labour market statistics into one publication. This will be released six monthly rather than quarterly. We are proposing that the following tables would be dropped: Individuals starting on NEA by Local Authority, Individuals starting on NEA by Parliamentary Constituency, Individuals starting on NEA by Jobcentre Plus District, Individuals starting on NEA by Job Centre Plus Group. All other tables will remain in the publication going forward. If you have any feedback on this, please send it to [victoria.page1@dwp.gsi.gov.uk](mailto:victoria.page1@dwp.gsi.gov.uk)

### Status of the statistics

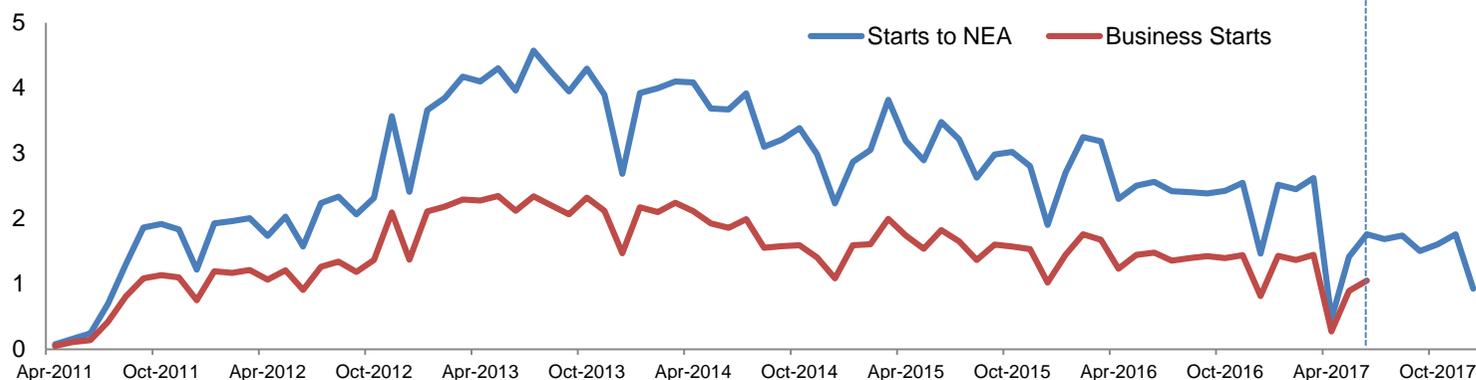
This document includes figures from April 2011 to December 2017 for the New Enterprise Allowance scheme. Prior to 2015, data was taken from the Labour Market System (LMS). Since January 2015, data has been taken from the Provider Referrals and Payments (PRaP) dataset. The March 2018 PRaP

dataset has been used, with data taken up to the end of December 2017. The November 2017 National Benefit database has also been used.

## All starts to New Enterprise Allowance

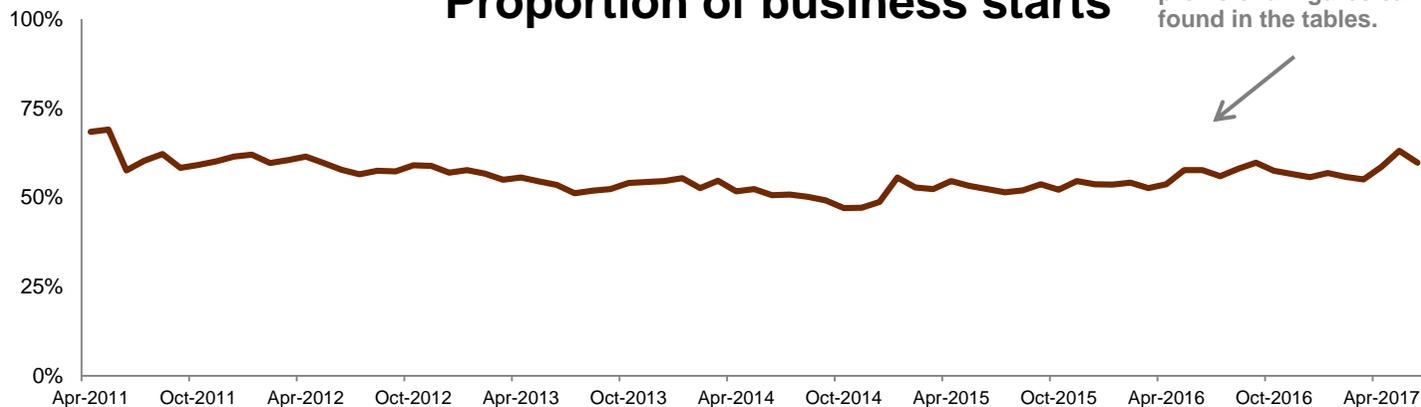
Number of starts and number of businesses set up, by month of start, April 2011 to December 2017<sup>1</sup>

Thousands



Proportion of starts progressing to set up a business, by month of NEA start

### Proportion of business starts



Business starts can lag behind starts to NEA, and thus the last six months of data is not illustrated here; provisional figures can be found in the tables.

<sup>1</sup> Data on business starts go up to June 2017 as a result of the lag between individuals starting on NEA and setting up their business. Provisional figures for the last four months of business starts can be found in the accompanying tables.

### Main findings

There have been **212,000 starts to NEA** and **115,240 businesses** set up through the scheme since April 2011.

Over the last year (January 2017 to December 2017), there have been **20,470 starts to NEA**; around 32% lower than the previous 12 month period.

This is set against a backdrop of a falling unemployment level over this time.

The fall in starts to NEA and business starts in April was a result of an introduction of the Link Up Start Up (LUSU) workshop process.

**57% of NEA** starts in the twelve months to June 2017 have progressed to set up a business.

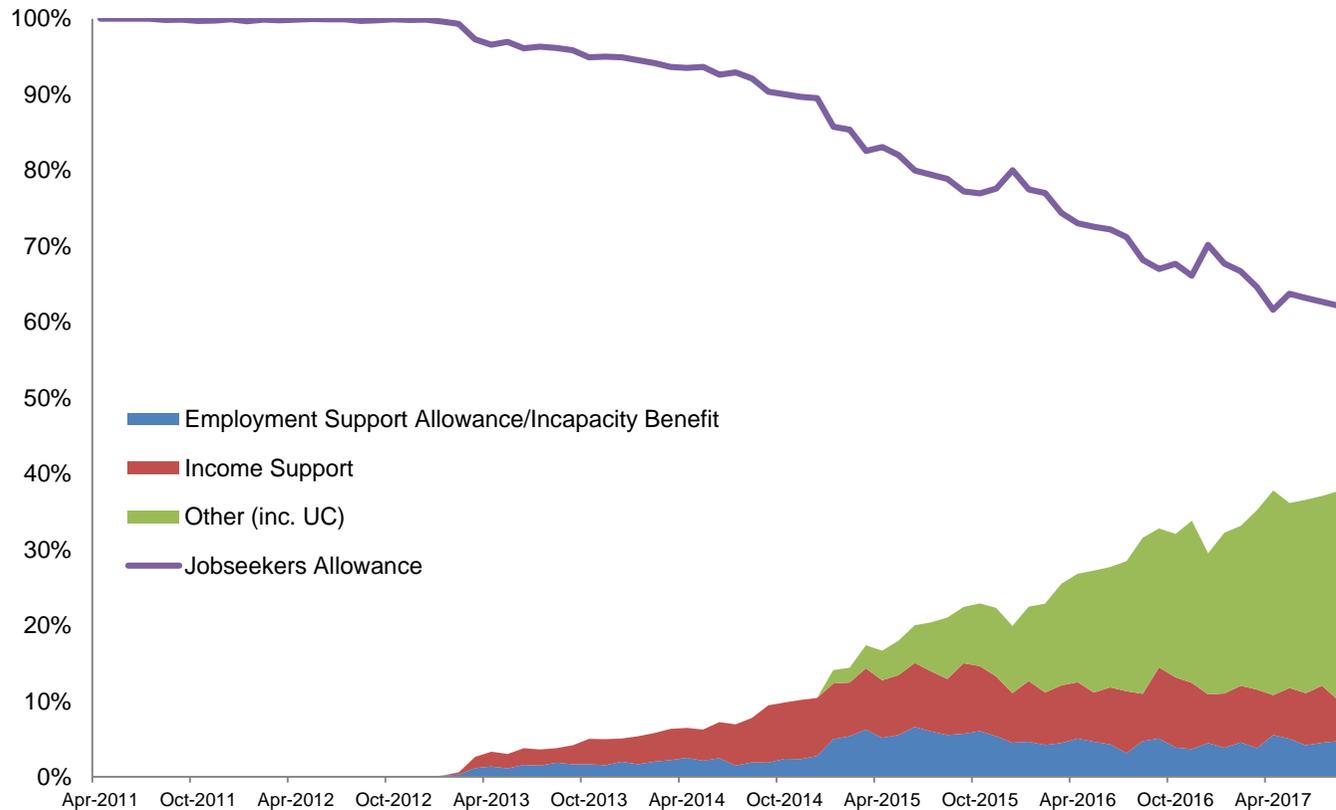
A time lag is expected in the data as participants may take up to 6 months after starting on NEA, to develop their business plan and set up their business. For example, only a very small number of those who started NEA in April 2017 will have moved on to set up their business in the same month.

It is possible that people will participate more than once on NEA. Since April 2011, **207,350 individuals** have started on the scheme and up to December 2017 **113,460 individuals (55%)**, have progressed to set up a business. Pages 5

to 6 set out some of the characteristics of these individuals.

## Main benefit of individuals starting New Enterprise Allowance

Proportion of individuals starting NEA on JSA and non-JSA benefits, April 2011 to September 2017\*



\*Chart does not include benefit status for just over 2k individuals where the benefit status is not known.

### Main findings

Initially, New Enterprise Allowance was only available to JSA claimants. It has since been gradually rolled out to Employment Support Allowance/Incapacity Benefit, Income Support and Universal Credit claimants. Further explanation of the history of this roll-out, can be found in the, 'Eligibility and Phases of NEA' section on page 10.

There is a time lag in being able to match NEA starts to the national benefits database which means the data in this chart can only be taken up to September 2017. Of those starting on NEA in September 2017 where the benefit status is known, around **59% were on JSA with a further 6% on ESA and 8% on IS, with around 26% on other benefits (including those on UC).**

The chart illustrates the benefits that individuals were on when they first started on the NEA scheme. Hence, it shows the earliest start date for those who may have started on the scheme more than once.

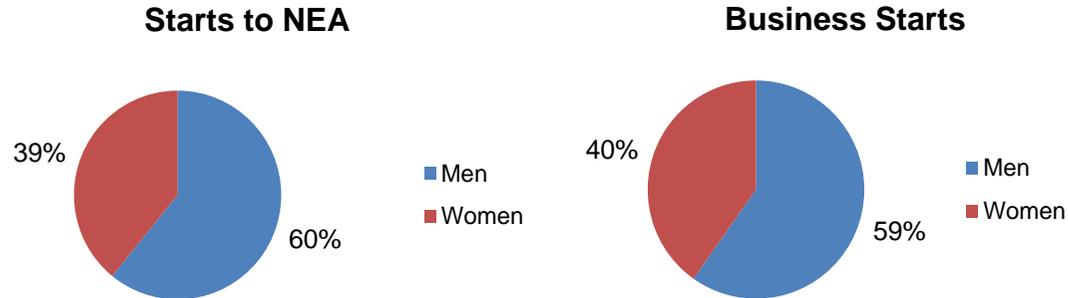
Universal Credit is being rolled out nationwide, and will eventually replace all non-contributory out of work benefits, including Jobseeker's Allowance, Employment and Support Allowance and Income Support.

It is expected that when Universal Credit roll-out has been completed, the majority of people will claim UC before they take part in New Enterprise Allowance. While some UC claimants are in-work, but require in-work financial aid, the NEA scheme is only available to those UC claimants who are not in employment, education or training. Phase 2 of the scheme has been made available to a wider range of claimants, including UC recipients with existing businesses. NEA Starts for this group of claimants are reported separately within this publication.

# Characteristics of those on New Enterprise Allowance

## Around 80,500 of those starting on NEA are women

Proportion, by gender



### Main findings

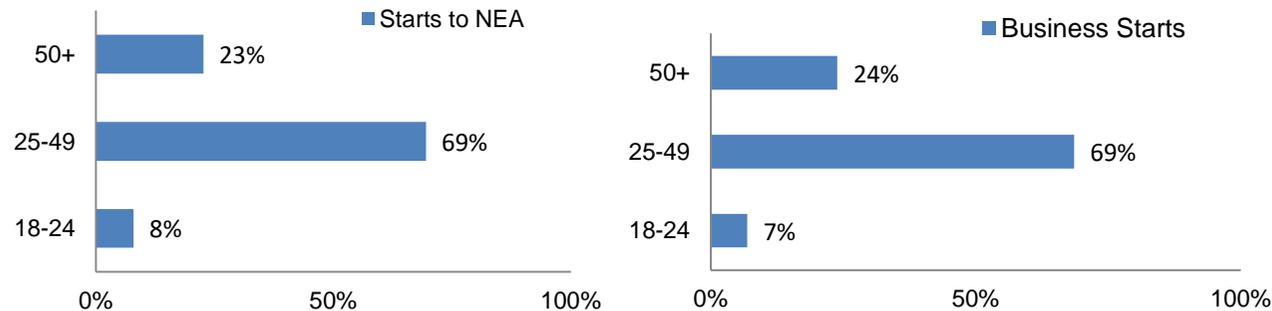
Out of the people who **started on NEA**, **80,540 are women** (39% of all starts) of which **45,290** (40% of all business starts) have progressed to **set up a business**.

This is comparable to average JSA caseload figures covering the period between January 2013 and December 2017; 37% for women and 63% for men.

Men and women are equally likely to set up a business when starting NEA (i.e. around 56% of women move on to set up a business vs. 53% of men).

## Around 7 out of 10 of those starting on NEA are aged 25-49

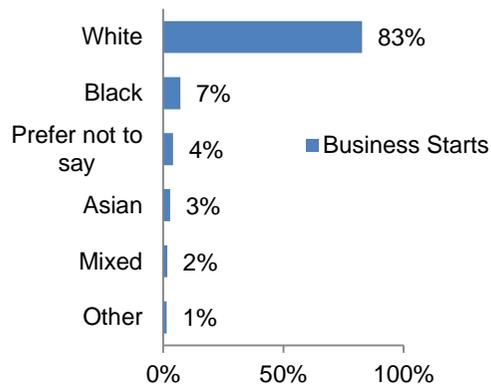
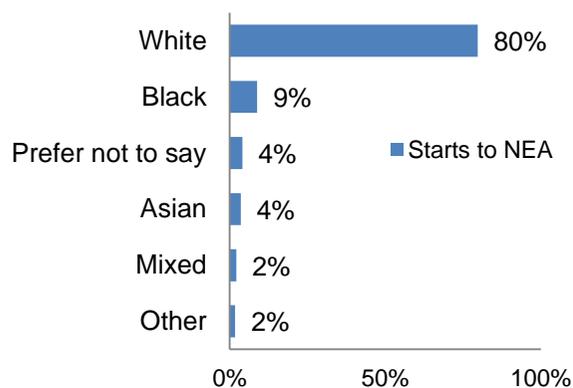
Proportion, by age group



Most people are aged 25-49, with **142,960 individuals starting NEA** in this age group.

## Around 1 in 6 of those starting on NEA come from ethnic minorities

Proportion, by ethnicity<sup>2</sup>



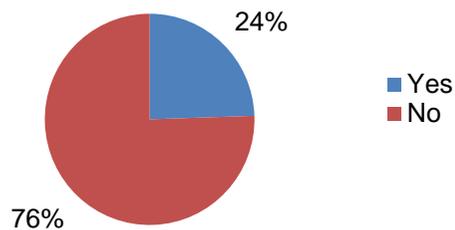
### Main findings

**163,340** (80%) of those who started the scheme have identified as white, with a further 16% from ethnic minorities and 4% where ethnicity was not identified.

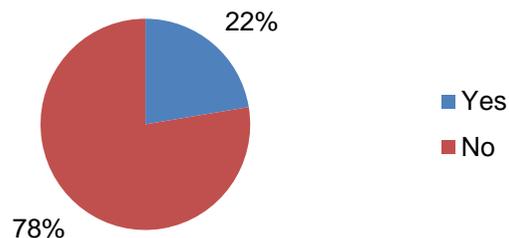
## Around 1 in 4 people started on NEA have a self-declared disability

Proportion, by self-declared disability

Starts to NEA



Business Starts

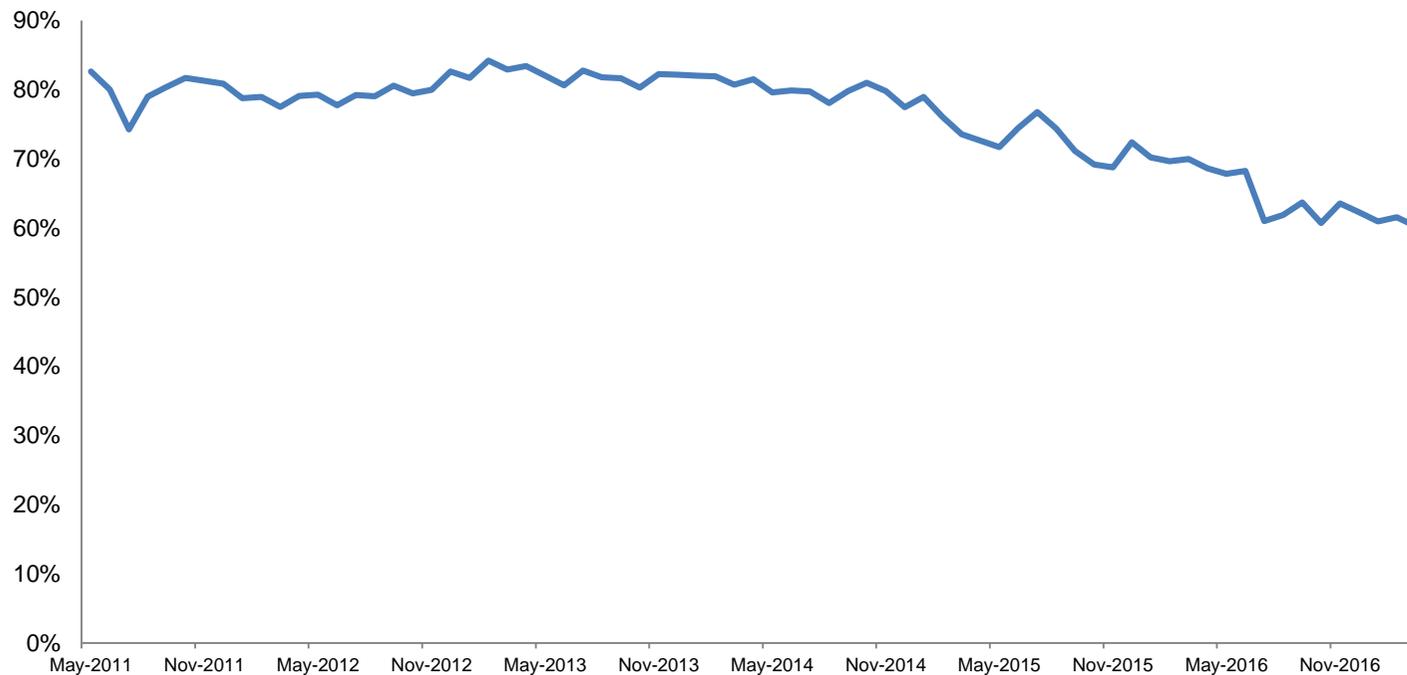


Of those starting on NEA **50,320** had a self-declared disability, with **25,250** of these progressing to set up a business.

<sup>2</sup> Numbers may not sum due to rounding.

# Proportion of individuals off benefit continuously, for 26 weeks following the business start

Percentage by month of earliest business start on NEA, April 2011<sup>3</sup> to March 2017<sup>4</sup>



## Main findings

When tracking participants for 26 weeks (6 months), after business start, we looked at those who were off benefit continuously (all 26 weeks, without a break).

Overall, since the start of the scheme, the average proportion of NEA participants who were **off benefit for 26 weeks continuously was around 76%**.

In the last year there is a decreasing trend in the percentage of individuals who remained off – benefit for 26 weeks, following a business start.

This reduction is partly due to more starts to NEA coming from Universal Credit claimants, who can remain on benefit after they start trading.

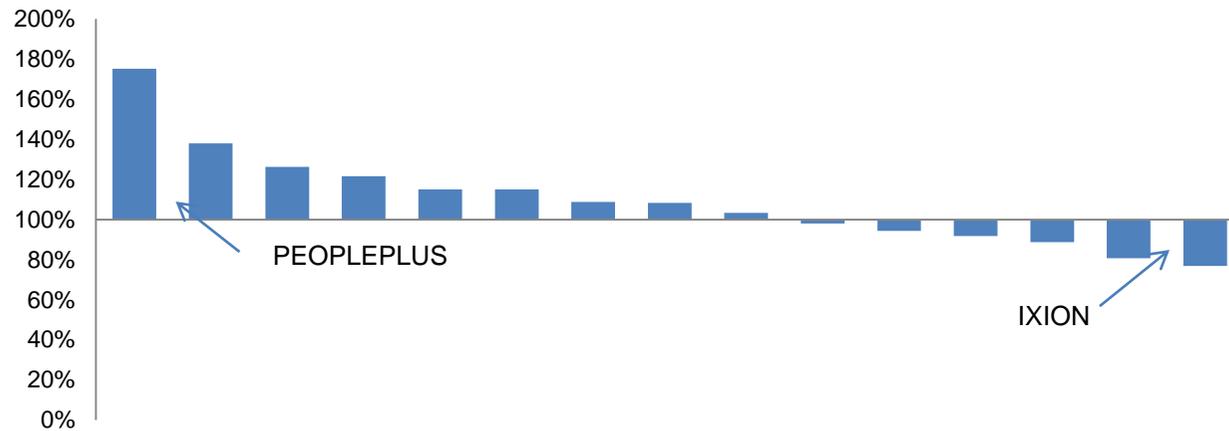
<sup>3</sup> April-2011 is being excluded from this chart due to a small number of claimants. The first complete month of data is May-2011.

<sup>4</sup> National Benefits Database is available up to March 2017 so data for those who started their business after March 2017 and off benefit continuously for 26 weeks is not yet available.

# New Enterprise Allowance: contractual performance

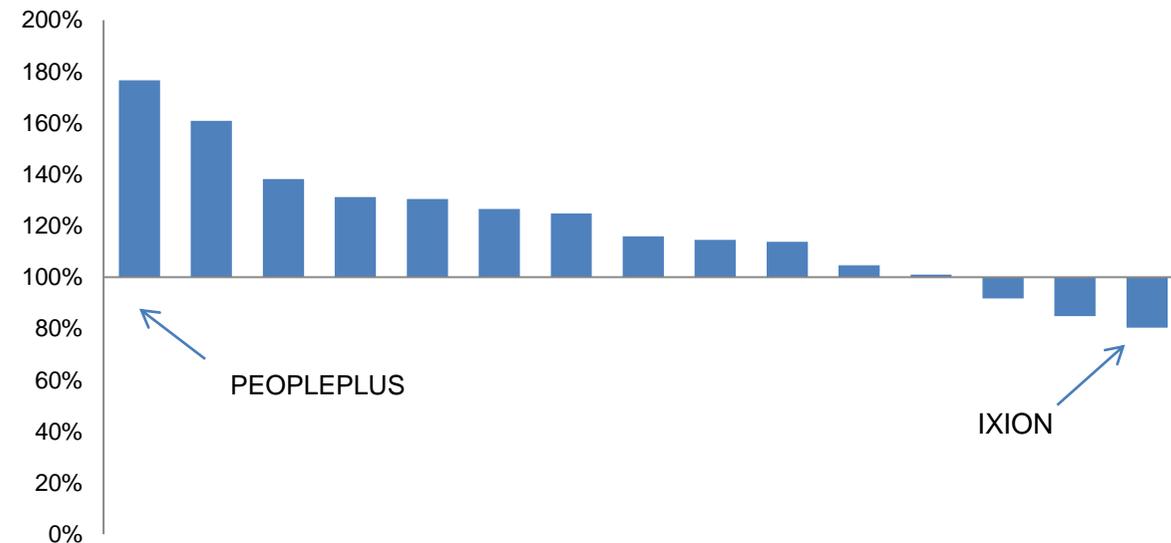
## Business Start Contractual Performance (February 2017 to January 2018)

Actual performance as percentage of expected performance in the last 12 months, by contract



## 26 weeks trading Contractual Performance (February 2017 to January 2018)

Actual performance as percentage of expected performance in the last 12 months, by contract



## Main findings

The NEA contractual performance data is for the period February 2017 to January 2018 and only includes starts under NEA Phase 1 – as there has not been sufficient time to track 26 weeks of trading outcomes for starts under phase 2 of the scheme.

The NEA scheme is delivered by 8 providers operating in 15 contract package areas (CPAs). On the 1st of April 2016 the NEA mentoring programme was extended in 13 CPAs. NEA contracts were not extended for LearnDirect in CPA3 and Wise Group in CPA11 and therefore their NEA mentoring Services Contract ended, as agreed, on the 31st December 2016. For this reason their performance is not ranked against the other CPAs' performance levels. From April 2016 two new contracts started with the programme; CPA3a "PeoplePlus" and CPA11a "PeoplePlus".

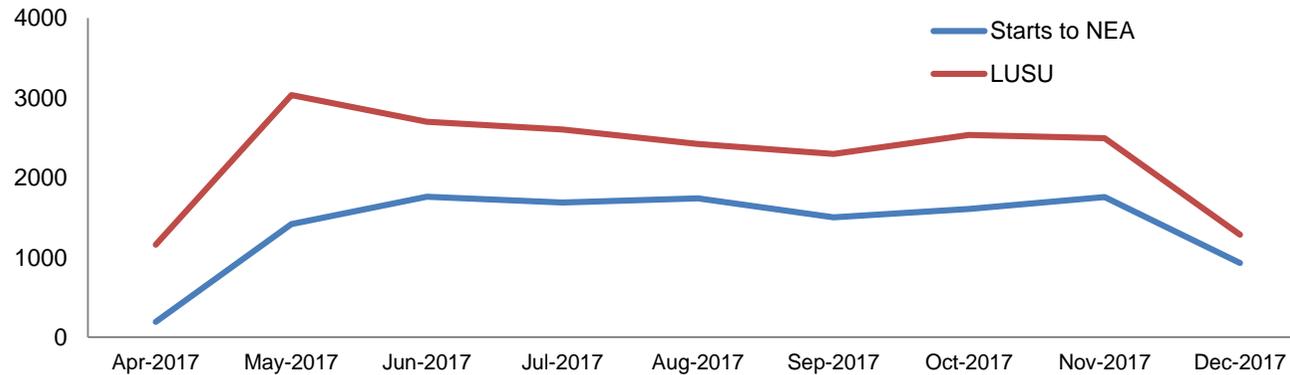
The providers have an expected performance level. Actual performance is measured against this expected performance level and is presented in these charts. The performance shown is rolling 12 months actual performance against the expected performance level.

Over the period January 2017 to December 2017, 10 contracts met or exceeded their expected number of trading starts. In total, over the period, the number of trading starts was 12,301 against an expectation of 10,651.

Over the period January 2017 to December 2017, 11 contracts met or exceeded their expected number of 26 week trading outcomes. In total over the same period, the number of 26 week trading outcomes was 11,550 against an expectation of 10,028.

## NEA Phase 2: Starts from April 2017 to December 2017

Number of link up: start up (LUSU) workshops and number of NEA Starts, by month of start, April 2017 to December 2017<sup>5</sup>

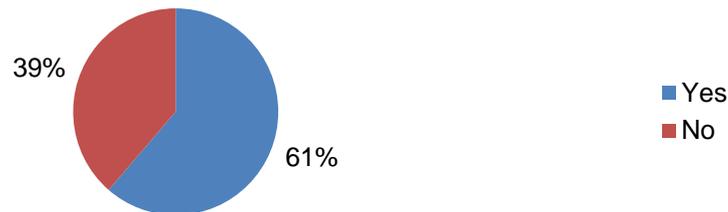


### Main Findings

Over the period, April 2017 to December 2017, **20,540 LUSU** starts were reported, followed by **12,600 NEA Starts**.

Over half of link up: start up (LUSU) workshops attendances resulted in starts to NEA<sup>6</sup>

Percentage, by NEA Start



61% of LUSU workshop attendances have resulted in a start to NEA. This compares starts to starts rather than tracking individuals.

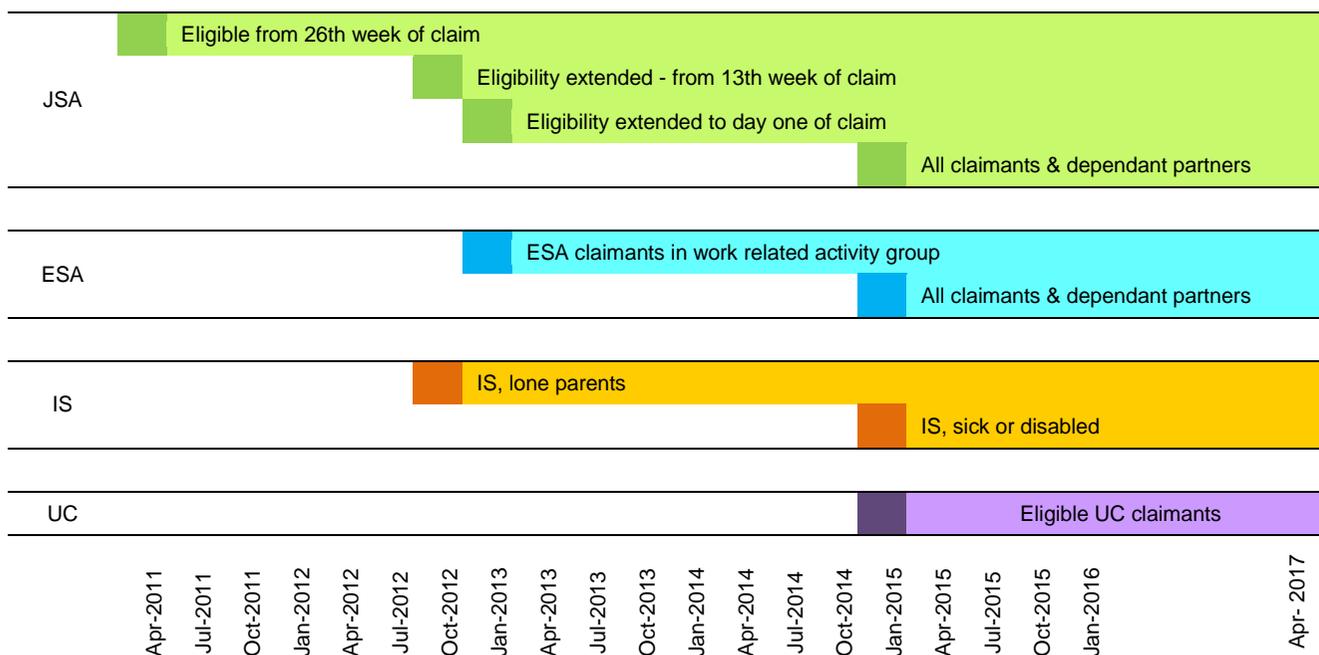
<sup>5</sup> NEA Stats exclude starts from UC claimants with existing businesses.

<sup>6</sup> LUSU figures refer to number of attendances rather than numbers of individual attendees.

# Eligibility for New Enterprise Allowance

## Over time, many more participants are eligible for the scheme

A timeline demonstrating month of introduction for changes in eligibility of the scheme



Initially, NEA was only introduced for JSA Claimants after 26 weeks of claiming.

From October 2012, eligible claimants were able to participate from day one of their claim.

As of January 2015, eligibility was expanded to cover all claimants in receipt of Jobseeker's Allowance and Income Support, Employment and Support Allowance in the Work Related Activity Group, and UC claimants who are not in employment, education or training.

**NEA Phase 2**, launched in April 2017, includes an additional category of eligible claimants; UC recipients with existing businesses whose earnings fall under their Minimum Income Floor.

From **January 2015** new starts to NEA have been delivered by contracted providers. The way data is collected for these official statistics has changed to reflect this; data for starts prior to January 2015 are taken from the Labour Market System and data for starts since January 2015 taken from the Provider Referral and Payment (PRaP) system.

For starts prior to January 2015 a **start to NEA** is defined as the date the claimant first met with their business mentor. For starts since January 2015, a **start to NEA** is defined as the date the provider accepted the claimant on the programme. These starts have previously been recorded in the Official Statistics as "mentor starts".

For starts prior to January 2015, a **business start** is recorded when the claimant begins claiming the weekly allowance. For starts since January 2015, a **business start** is recorded when the claimant starts trading.

# NEA delivery

## Role of the Provider

Jobcentre Plus will inform those eligible about the NEA Mentoring Scheme

For new business starts, the JCP Adviser will make a referral to the Link-up: Start-up (LUSU) workshop which will create a referral in the Provider referrals and payment (PRaP) System. If, having attended the LUSU, the claimant wishes to pursue self-employment, the JCP Advisor will make a referral to the core NEA scheme. The provider then can accept or reject the referral.

For new business starts, providers conduct an initial assessment within 10 working days of referral date in order to assess if participant has a viable business plan with a reasonable chance of success. Providers notify Job Centre Plus via the PRaP system within 15 working days of the referral. The outcome of the initial assessment is also notified to the Jobcentre Plus Work Coach on a NEA1/UCNEA1 form within 2 working days of the initial assessment. The provider also completes an ESF1420 form with the participant as part of the assessment process and this must be sent electronically to DWP within 10 working days of the participant signing it.

For Universal Credit Existing Self-Employed, the JCP Adviser will make a referral for an initial assessment, which the provider then can accept or reject. For Universal Credit Existing Self Employed starts, providers conduct an initial assessment within 10 working days of referral date in order to assess if participant will benefit from the support of the NEA Phase 2, where the business has potential to grow, become more efficient and more profitable. The aim is to improve the business earnings to reach a level up to or above their Minimum Income Floor (MIF) over the 12 month/52 week mentoring period. Providers notify Job Centre Plus via the PRaP system within 15 working days of the referral. The outcome of the initial assessment is also notified to the Jobcentre Plus Work Coach on a UCNEA1 form within 2 working days of the initial assessment. This part of the provision is not ESF match funded so there is no ESF paperwork to complete.

Providers assign a business mentor who assists the participant to develop a business plan (or a Business Development and Growth Plan, for UC FS existing self-employed participants). For the participant with actively seeking work in their conditionality, this is replaced with participants must make full commitment to the NEA mentoring scheme.

Participants submit business plans for consideration; if approved participants proceed to trading (or for those existing self-employed participants, receive help to grow their business). At this stage, participants who are not claiming UC are no longer eligible for out of work benefits. In order to support the participants, the business mentor continues to support the participant for the first 12 months. New business start participants are also eligible for the NEA financial support which is administered by Job Centre Plus. The allowance element of NEA is paid weekly at £65 for the first 13 weeks of trading followed by £33 for the remaining 13 weeks. Providers must also ensure participants are informed of start-up loans provided by the Department for Education in order to access additional start-up capital (this is for new business cases only).

## The delivery model for NEA changed in April 2017

**New Enterprise Allowance is delivered by private providers on behalf of the Secretary of State for Work and Pensions. Providers compete via competitive tender, and contracts are awarded regionally. DWP assesses these contracts in order to ensure value for public funds is met.**

## About these statistics

These official statistics have been compiled using data from:

- Labour Market System (LMS) Opportunities Dataset, June 2016
- Provider Referral and Payment System (PRaP), March 2018.

## Where to find out more

This document and the summary tables can be found here: <https://www.gov.uk/government/statistics/new-enterprise-allowance-april-2011-to-december-2017>

Older releases can be found here but please note that figures are subject to change. <https://www.gov.uk/government/collections/pre-work-programme-and-get-britain-working>.

A more detailed background note provides information on the New Enterprise Allowance programme and the statistics we publish on it: <https://www.gov.uk/government/publications/new-enterprise-allowance-statistics-background-information-note>